

# Health Care Reform:

---

Presented by: Nancy Maleček,  
Insurance Market Analyst  
West Virginia Offices of the Insurance Commissioner

October 21, 2009

# Background

ref attachment Kaiser Family Foundation, "Health Reform Proposals" and <http://www.kff.org/healthreform/sidebyside.cfm>

---

## □ **HOUSE** – HR3200 {Tri-Committee Bill}

- 1 Education & Labor Committee
- 2 Ways & Means Committee
- 3 Energy & Commerce Committee {*Blue-Dog Amendments*}
  - a States Share Cost of Medicaid Expansion
  - b Subsidies – 133-400% FPL reduced
  - c Exempted from mandate {*small employers*}
  - d Insurance Market Reforms

# Background

ref attachment Kaiser Family Foundation, “Health Reform Proposals” and <http://www.kff.org/healthreform/sidebyside.cfm>

---

## □ Senate – {Two Committees}

- 1 Health, Education, Labor & Pensions {Sen. Kennedy’s Committee}
- 2 Finance {chaired by Sen. Max Baucus of MT}
  - a 5<sup>th</sup> & Final Congressional Committee
  - b Conceptual-language reform bill passed last week
  - c Legislative-language version posted on website Monday  
<http://finance.senate.gov/sitepages/leg/LEG%202009/101909%20America%27s%20Healthy%20Future%20Act%202009%20Leg.pdf>
  - d Budget Resolution passed 4/29/2009 {budget neutral over 10 years}

# General Agreement

---

- A** Coverage expansion {Individual \$14,404 annual income, by % FPL}
- B** Subsidies {not employer-sponsored insurance}
- C** Insurance Exchange {Purchasing Pool}
- D** Individual Mandate
  - 1** Various Exemptions
  - 2** Penalties



# General Agreement *{continued}*

---

## E Insurance Market Reforms

- 1 Guaranteed Issue
- 2 No Pre-existing Condition Exclusion
- 3 Community Rating
  - a Age
  - b Family Size
  - c Tobacco Use
  - d NOT geography, occupation, gender or health
- 4 No Annual or Lifetime Limits
- 5 No Rescission



# General Agreement *{continued}*

---

## F Minimum Benefit Packages

- 1 For Exchange Products
- 2 To Demonstrate Mandate is Met
- 3 Pre-empts State Rules

## G Employer Requirements

- 1 Required Contribution {if do not provide ESI}
- 2 Percentage of Premium Costs or Payroll
- 3 Penalties



# General Agreement *{continued}*

---

- H Medical Homes {demonstrations & models}
- I Workforce Development Grants
- J Comparative Effectiveness Research

# Issues

---

## A Public Option – Government Run Health Plan

1 Medicare Part E @ Medicare Rates + 5%

2 Variants

a Negotiated Rates

b Co-Op *{hybrid plan}*

c *Trigger for Public Option*



# Issues *{continued}*

## B Affordability, Subsidies, Penalties

### 1 Each bill sets premium contribution levels

**Sliding Scale**  
Health-care bills in Congress call for subsidies to help lower-income people buy insurance. People would have to foot more of the bill themselves as they earn more. Premium contributions for a family of three under each bill:

Annual income*	\$24,352	\$27,465	\$36,620	\$54,930	\$73,240
Pct. of income/premium amount					<sup>4</sup> 400% of poverty level
Senate Finance Committee bill	3.7% \$889	4.5% \$1,236	7% \$2,563	12% \$6,592	12% \$8,789
Senate health committee bill	1% \$243	1% \$275	3.3% \$1,208	7.9% \$4,339	12.5% \$9,155
House bill	1.5% \$365	3% \$824	5.5% \$2,014	10% \$5,493	12% \$8,789

\*For purposes of illustration, assumes health legislation in effect in 2009  
Source: Center on Budget and Policy Priorities

### 2 Subsidies available *{to make purchases through exchange}*

### 3 Penalties for no insurance: **\$750 maximum**

### 4 Adverse selection concern

# Issues *{continued}*

---

## C Taxes

- 1 Income surtax on high-income families *{to be defined}*
- 2 “Cadillac-Plan” tax where premiums  
\$8,000 (individual) or \$21,000 (family)
- 3 Insurance Companies
- 4 Medical Device Makers
- 5 Drug Manufacturers

# Issues *{continued}*

---

## D Anti-trust Exemption

- 1 Repeal of 1945 McCarran-Ferguson Act which exempted “the business of insurance” from federal Anti-trust Statutes & gave its regulation to the states
- 2 Effect of the exemption unclear

# Issues *{continued}*

---

- E** Medicare Reimbursement Fix – *{Sustainable Growth Rate Policy}*
- 1 SGR Policy requires automatic decreased payments to compensate for increased total expenditures beyond budget target, but congress has consistently acted to prevent such adjustments.
  - 2 Attempt by majority Leader to freeze scheduled cuts in next 10 years by separate legislation without concomitant spending cuts of \$247 billion appears not viable.

# Issues *{continued}*

---

F Abortion

G Immigration

H Malpractice

# House

---

- ❑ Moderates in House want to wait for Senate to act before proceeding
- ❑ Meanwhile party leadership is determining which public option variant has support
- ❑ Bill not anticipated until November 2009

# Senate Finance Committee

---

- ❑ Final Congressional Committee to Act
- ❑ Passed Conceptual Language Reform Bill Last Week
- ❑ Posted on Web on Monday  
<http://finance.senate.gov/sitepages/leg/LEG%202009/101909%20America%27s%20Healthy%20Future%20Act%202009%20Leg.pdf>
- ❑ Combined bill may be considered as early as next week

# 60 Votes or Reconciliation ?

---

- ❑ Reconciliation, by Byrd Rule, restricts legislative action to budget matters; in this instance to reconcile legislation to Senate Budget Resolution *{budget neutral over 10 years}*
- ❑ Senate Parliamentarian decides the scope
- ❑ Laws from reconciliation are limited to 10 years *{budget window}*
- ❑ Reform possible if finance issues only?
- ❑ Reform stable if expires in 10 years?



# Conference Committee

---

- After each house passes a bill, it goes to Conference Committee, with a merged bill being scored by the CBO and sent back to each house for an up-or-down vote.